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30 June 1953

THRU

Chief, Administrative Staff  
Chief, Services Division  
Chief, S/TF, Services Division

Commerce Project on East-West Trade

1. Problem:

To provide funds for the continued joint-financing by the Mutual Security Agency (and/or its successor agency) and CIA of the Department of Commerce's Project, "Trade Between the Free World and the Soviet Bloc."

2. Background:

The project plan is divided into three parts: (a) Compilation of trade statistics from the national statistics available from individual countries (at a T.O. [REDACTED]); (b) Tabulation and analysis of statistical information reported by COCOM (at a T.O. [REDACTED]); (c) Analysis of trade information developed in (a), plus basic and current analysis of trade agreements and export control systems (at a T.O. cost of [REDACTED]). Commerce absorbed an additional [REDACTED] cost plus about [REDACTED] in non-recurring costs.

The statistics compiled for part (a) serve as one of the indispensable bench-marks for the Trade and Finance Branch, Services Division, in providing strategic intelligence on Soviet Bloc trade and finance. The Department of Commerce possesses peculiar advantages in undertaking this part of the project. It is the established focal point for official trade statistics for the entire government and has a well-developed statistical library. It has long experience in blending diverse trade data from a variety of foreign language sources into uniform statistical studies. But even with these advantages it has taken the Department of Commerce well over a year to recruit, train and organize its present project staff into a smooth functioning unit.

In the event the Department of Commerce is unable to continue this project, CIA would need to perform the same service itself. In view of the Commerce experience, CIA would probably be unable to satisfactorily develop a similar service before sometime in the fiscal year 1955.

The statistical tabulations for part (b) are essential for the intelligence support furnished by the Economic Defense Division, to the Secretary of Commerce and the Director for Mutual Security in their administration of the Export Control Act and the Battle Act.

The analysis of trade information, trade agreements, and export control systems has not materialized in a form usable for CIA to date.

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3. Recommendations:

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It is recommended that the allocation of [REDACTED] for this project be continued for FY 1954. The service obtained from Commerce is indispensable to both D/E and S/TF and could not be duplicated in CIA during FY 1954. Further, the T.O. cost alone on parts (a) and (b) of the project exceeds the recommended allocation of funds by some [REDACTED] 25X1A1a

4. Coordination of Recommendation:

This recommendation has the joint approval of D/E and S/TF, the two ORR components chiefly interested in the project.

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[REDACTED]

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1 - Copy to [REDACTED]

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